

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

MASSACHUSETTS GAMING COMMISSION

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*In the Matter of:* )  
 )  
 Blue Tarp reDevelopment, LLC )  
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**PHASE I SUITABILITY DECISION**

Blue Tarp reDevelopment, LLC (hereinafter “Applicant” or “Blue Tarp”) submitted a Phase 1 application for a gaming license to the Massachusetts Gaming Commission (hereinafter “Commission” or “MGC”). Blue Tarp is a Massachusetts limited liability company which is currently owned 99% by MGM Resorts International, Inc. (“MGM”) and 1 % by Paul Picknelly. The Blue Tarp application consists of 13 entity qualifiers and the individual qualifiers listed in Exhibit 4 referenced below and in this decision. The 13 entity qualifiers are: Blue Tarp reDevelopment LLC; MGM Resorts International, Inc.; Tracinda Corporation; Dubai World, which consists of entity qualifiers Infinity World Holding, Ltd, Infinity World (Cayman) Holding, Infinity World (Cayman) LP, Infinity World(Cayman) Investments Corp. and Infinity World Investments LLC, both of which directly or indirectly hold an interest in MGM Resorts International, Inc.; and Rolling Hills Estates Realty Trust, which consists of Cal Rolling Hills LLC, Rolling Hills Development LLC and VFB Dynasty Trust. Rolling Hills Realty Trust does not hold an economic interest in Blue Tarp but has a contractual interest in the income which may be generated should Blue Tarp be awarded a gaming license.

This decision results from the adjudicatory proceeding conducted by the Commission on December 9, 2013 at the Boston Convention and Exhibition Center, 415 Summer Street, Boston, MA. At the direction of the Chair, the entire Commission presided over the matter. At the hearing, the Applicant was represented by Nicholas Casiello, Jr. Esq. and Patrick Madamba Esq., from the firm of Fox Rothschild LLP and Jed Nosal, Esq. from the firm of Brown Rudnick. Individual qualifiers Mr. Barletta, Mr. Gillis and Mr. John G. Bulman were represented by Owen Todd, Esq. from the firm of Todd & Weld. The Investigations and Enforcement Bureau (hereinafter “IEB”) was represented by David Mackey, Esq. and Mina Makarious, Esq., from the firm of Anderson & Kreiger. For the reasons set forth below, the Commission finds by a unanimous vote that the Applicant, Blue Tarp reDevelopment, LLC has met its burden of proof with respect to its application and accordingly is issued a **POSITIVE** determination of suitability in accordance with 205 CMR 115.00 and may proceed to file an RFA 2 application with the Commission. This determination is subject to certain conditions which are set forth below.

Further, the Commission hereby issues a **POSITIVE** determination of suitability to all individual qualifiers referenced in the Report of Suitability of Applicant Entities and Individual Qualifiers dated November 27, 2013, except as otherwise provided below:

## Entity Qualifiers

Blue Tarp redevelopment LLC	MGM Resorts International, Inc.
Tracinda Corporation	Dubai World,
Infinity World Holding, Ltd,	Infinity World (Cayman) Holding
Infinity World (Cayman) LP	Infinity World (Cayman) Investments Corp.
Infinity World Investments LLC	

## Individual Qualifiers

James J. Murren	Corey I. Sanders
William J. Hornbuckle	Daniel J. D'Arrigo
John M. McManus	Kenneth A. Rosevear
Robert H. Baldwin	William A. Bible
Burton M. Cohen	Willie D. Davis
Alexis M. Herman	Roland A. Hernandez
Rose E. McKinney-James	Robert C. Selwood
Thomas A. Peterman	Gregory M. Spierkel
Larry A. Mefford	Kirk Kerkorian
Anthony L. Mandekic	Daniel J. Taylor
David J. Callahan	Janet M. Callahan
Charles M. Callahan III	Jon E. Callahan
Julie A. Callahan	John G. Bulman
Paul C. Picknelly	Andrew J. Watson
Junaid M. Rahimullah	Hamad M. Buamim
Christopher J. O'Donnell	William W. Grounds
Stephan A. DuCharme	

The Commission **does not** issue a positive determination of suitability for Rolling Hills Estates Realty Trust (“Rolling Hills”) or for individual qualifiers Mr. Vincent F. Barletta, Mr. Ronald J. Gillis, and Mr. David J Callahan. A determination of suitability for Mr. Barletta, Mr. Gillis and Mr. Callahan will be addressed in a separate decision to be issued by the Commission.

### I. Background

The application for a gaming license consists of two parts. See 205 CMR 110.01. The first, called the Phase 1 application, essentially focuses on the qualifications and suitability of the Applicant and its qualifiers to hold a gaming license. See G.L. c. 23K, §12(a) and 205 CMR 115.00 through 117.00. The Phase 2 application focuses on the site, design, operation and other attributes of the gaming facility itself. See generally 205 CMR 118.00 and 119.00. “The commission shall not entertain a Phase 2 application for any applicant unless and until the commission has issued a positive suitability determination on that applicant.” 205 CMR 110.01; see also 205 CMR 115.05(4) and 118.01(1) (a). This hearing involved the Phase 1 segment of the process.

The Applicant initiated the Phase 1 application process on January 15, 2013. Upon receipt of the application, the Commission instructed the IEB to commence an investigation into the suitability of the Applicant. See G.L. c.23K, 12(a). The investigation was to include all qualifiers associated with the Applicant. See G.L. c. 23K, §14 and 205 CMR 116.00. The IEB conducted such an investigation and reported its findings and recommendations to the Commission by way of a Report of Suitability of Applicant Entities and Individual Qualifiers (hereinafter the “Report”). See 205 CMR 115.03(2).

The Report contains information relative to the following areas:

- (1) the integrity, honesty, good character and reputation of the applicant;
- (2) the financial stability, integrity and background of the applicant;
- (3) the business practices and the business ability of the applicant to establish and maintain a successful gaming establishment;
- (4) whether the applicant has a history of compliance with gaming licensing requirements in other jurisdictions;
- (5) whether the applicant, at the time of application, is a defendant in litigation involving its business practices;
- (6) the suitability of all parties in interest to the prospective gaming license, including affiliates and close associates and the financial resources of the applicant; and
- (7) whether the applicant is disqualified from receiving a license under G.L. c.23K, §16.

“All applicants for a Phase 1 suitability determination must establish their qualifications by clear and convincing evidence.” 205 CMR 115.01(2); see also G.L. c.23K, §13(a). “Clear and convincing proof involves a degree of belief greater than the usually imposed burden of proof by a fair preponderance of the evidence, but less than the burden of proof beyond a reasonable doubt imposed in criminal cases. It has been said that the proof must be ‘strong, positive and free from doubt’, and ‘full, clear and decisive.’” Stone v. Essex County Newspapers, Inc., 367 Mass. 849, 871 (1975) (internal citations omitted).

A copy of the Report was provided to the applicant along with a notice of this adjudicatory proceeding. See 205 CMR 115.04(1). The adjudicatory hearing was noticed for and convened on the Commission’s own initiative on December 9, 2013. See 205 CMR 115.04(3). Karen Wells, the Director of the Bureau, appeared and testified at the hearing on behalf of the Bureau. James J. Murren, John M. McManus, Grant R. Bowie and Larry A. Mefford appeared and testified on behalf of the applicant. Vincent E. Barletta, Ronald J. Gillis and John G. Bulman appeared and testified on their own behalf. All witnesses were duly sworn and all MGM witnesses were found to be credible.

## II. Exhibits

The exhibits identified below were taken into evidence at the proceeding without objection. All exhibits were considered, in conjunction with witness testimony, in reaching the final decision.

### IEB Exhibits

- EXHIBIT 1: Notice of Adjudicatory Proceeding for Blue Tarp reDevelopment LLC
- EXHIBIT 2: Memorandum Regarding Adjudicatory Proceedings for Blue Tarp reDevelopment LLC
- EXHIBIT 3: Cover Letter to MA Gaming Commission from Bureau Director Karen Wells, regarding the Suitability Investigation for Blue Tarp reDevelopment, LLC Applicant for a Category 1 Gaming License dated November 27, 2013
- EXHIBIT 4: Redacted Suitability Report of Applicant Entities and Individual Qualifiers for the Applicant prepared on behalf of the Bureau dated November 27, 2013
- EXHIBIT 5: MGM Mirage Press Release re: Christiansen resignation, February 21, 2006
- EXHIBIT 6: Article in *Wall Street Journal*, September 24, 2009 concerning criminal conviction of Terry Christensen
- EXHIBIT 7: Letter from James J. Murren to Judge Dale S. Fisher re: Christiansen, October 15, 2009
- EXHIBIT 8: Excerpts from Vincent Barletta, Massachusetts Gaming Commission Application Forms (Redacted)
- EXHIBIT 9: Screenshot and printout of [www.calettarenewable.com/management.html](http://www.calettarenewable.com/management.html), December 6, 2013
- EXHIBIT 10: Article in *New York Times*, January 11, 2007

### Applicant Exhibits

- EXHIBIT 1: Introductory Video Presentation to MGM Resorts International
- EXHIBIT 2: PR Newswire dated September 25, 2013

## III. Findings and Discussion

The Report contains a description of the investigation conducted by the IEB and detailed findings of fact. The Commission generally adopts the findings of fact therein though certain facts, particularly those that were elucidated at the hearing, are set forth below for purposes of discussing the specific areas of focus at the hearing.

The IEB recommended that the Commission address two issues related directly to Applicant and a third with respect to Rolling Hills. Both of the issues concerning the Applicant were addressed as recommended: (1) MGM's response to the Christiansen matter and whether subsequent remedial measures adequately address the Applicant's and relevant qualifier's suitability, and (2) whether MGM's business practices in Macau meet the statutory requirement

of “responsible business practices in any jurisdiction” under M.G.L. c.23K §12(b) (ii). The separate issues relating to Rolling Hills are discussed below. Finally after review, the IEB recommended certain monitoring of qualifier Dubai World as more fully described in section IV below. That monitoring is designed to ensure that the activities of Dubai World are independent from those of the government of Dubai and remain subject to the Commission’s oversight. The basis for the IEB’s concerns can be found in the segments of the IEB’s report that focus on Dubai World. Those segments are available at <http://massgaming.com/wp-content/uploads/Dubai-World-Report-REDACTED.pdf>.

The Commission finds that the evidence collectively demonstrates that, subject to the conditions identified below, the Applicant has met its burden of proving its qualification for licensure by clear and convincing evidence. In support of this conclusion we provide the following analysis.

#### A. Applicant’s Response to the Christiansen Matter and Subsequent Remedial Measures

It is important to clarify the manner in which determinations are made as to the suitability of individual qualifiers; that is, how one’s integrity, honesty, good character and reputation are evaluated. As the Commission has noted in past decisions, the New Jersey Casino Control Commission has best described the standard for evaluating the good character, honesty and integrity of an individual applicant. We look to that standard for guidance. In *In re Bally’s Casino Application*, 10 N.J.A.R 356, 393 (1981), the New Jersey Casino Control Commission stated:

The law requires us to judge each applicant’s character. We find this a most difficult task for several reasons. First “character” is an elusive concept which defies precise definition. Next we can know the character of another only indirectly, but most clearly through his words and deeds. Finally, the character of a person is neither uniform nor immutable.

Nevertheless, we conceive character to be the sum total of an individual’s attributes, the thread of intention, good or bad, that weaves its way through the experience of a lifetime. We must judge a [person’s] character by evaluating his words and deeds as they appear from the testimony and from all of the evidence in the record before us. We must focus particularly on those attributes of trustworthiness, honesty, integrity and candor which are relevant to our inquiry.

The Commission will employ the principles articulated in the *Bally’s* decision to review MGM’s handling of the Christensen matter and in particular Mr. Hernandez’ and Mr. Murren’s responses to the Christensen matter and any subsequent changes made at MGM arising from the Christensen matter.

Mr. Terry Christensen was a member of the MGM board of directors from August 1, 1987 through February 21, 2006 when he resigned from the board. Mr. Christensen was the personal attorney to Kirk Kerkorian, the owner of Tracinda Corporation which holds an interest in MGM, as well as the billing partner on MGM matters at his firm, Christensen Miller, Fink, Jacobs Glaser & Shapiro (“Christensen Miller”). Mr. Christensen also had a long-standing relationship

with Gary Jacobs, the then General Counsel of MGM and one of Mr. Christensen's partners at Christensen Miller. His resignation followed his federal indictment on illegal wiretapping and aiding and abetting charges. The charges arose out of Mr. Christensen's involvement in the activities of a private detective he had hired to gather information on Lisa Bonder Kerkorian, the estranged wife of Kirk Kerkorian, while Ms. Kerkorian was engaged in divorce proceedings against Mr. Kerkorian. Mr. Christensen was convicted of those charges on August 29, 2008. Despite his indictment, resignation and later conviction, Mr. Christensen continued to interact with MGM senior executives on sensitive and non-public matters. His involvement continued until September 2009 when regulators in New Jersey and Nevada intervened and requested that MGM provide a written report on Mr. Christensen's continuing involvement in MGM affairs. MGM's failure to address Mr. Christensen's involvement with MGM prior to the intervention of regulatory authorities and the inability to see the potential conflict between Mr. Christensen and Mr. Jacobs were areas of concern investigated by the IEB. The Commission required Mr. Hernandez and Mr. Murren, both of whom were members of MGM's board at the relevant time, to appear before the Commission to explain MGM's actions regarding these matters.

Mr. Hernandez is a Director of MGM. Mr. Hernandez' testimony showed him to be knowledgeable and highly engaged in his role as an independent director. Mr. Hernandez testified in detail regarding the Christensen matter, how it unfolded and his role in questioning whether appropriate steps were taken after Mr. Christensen was indicted on federal wiretapping and aiding and abetting charges and the propriety of ongoing contact with Mr. Christensen, particularly Mr. Christensen's involvement in MGM matters, following his conviction. Mr. Hernandez took responsibility for how the Christensen matter was handled and indicated that MGM's response to the indictment and conviction, were insufficient and should not have been tolerated. He described the type of legal advice that the board initially received regarding Mr. Christensen and stated that in reviewing the advice it was clear to him now that it was not the quality of advice that should have been provided in that situation and that there may have been conflicts of interest, i.e., the relationship between Mr. Christensen and Mr. Jacobs, behind such advice that were missed. Mr. Hernandez was clear that such legal advice received was not an excuse for the actions taken but was a factor in some of the MGM's actions. Mr. Hernandez's testimony indicated that he missed some of the signs of what was happening and regretted what occurred despite his best efforts to raise concerns at the time. Mr. Hernandez also testified that independent counsel ultimately reviewed the board's response to Mr. Christensen's indictment and conviction. Counsel's review resulted in the counseling of certain employees; a formalized process for better communication between the compliance committee, the CEO and the board of directors; a requirement that the Compliance Committee chair regularly update the Audit Committee on a variety of matters; significant revisions to the MGM's Code of Conduct; and the creation of an Independent Lead Director who will assist in the review of actual or potential conflicts of interest. The Commission finds Mr. Hernandez' testimony regarding the Christensen matter to be forthright and candid and finds that appropriate steps were taken and improvements were made to ensure that a similar matter would not happen in the future.

Mr. Murren, the Chairman and CEO of MGM, was likewise candid and forthcoming. He acknowledged that the MGM's response to the Christensen matter was inappropriate and took responsibility for that response. He testified that he was promoted to the CEO position while MGM was in the midst of a financial crisis due to the economic downturn. Indeed, in the 10K it

filed with the SEC in 2009, MGM expressed substantial doubt as to whether it would be able to continue as a going concern. While that explained why his focus was on other pressing matters, Mr. Murren stated this did not excuse his failure to understand that Mr. Christensen's participation in MGM matters while under indictment and after conviction was inappropriate. Mr. Murren testified that the independent investigation into MGM's handling of the Christensen matter resulted in remedial actions taken and a stronger compliance plan. Mr. Murren further testified that he sought out experienced executives to mentor him and provide advice as he handles his CEO responsibilities.

The Commission finds Mr. Murren's testimony that he was unaware of the 2007 New York Times coverage of Mr. Christensen's indictment surprising. However, the Commission appreciates Mr. Hernandez' and Mr. Murren's candor and honesty in admitting the errors they made in handling the Christensen matter. The Commission is impressed with the way that MGM, supported by Mr. Hernandez and Mr. Murren, instituted changes in its corporate governance and compliance structures so that in the future issues regarding conflicts of interest or issues like those involving the MGM board and Mr. Christensen will not recur. A Compliance Plan was created and it has been revised three times since 2007 to address weaknesses identified in practice. The Compliance Plan as revised substantially limits the ability of MGM to proceed with a proposed material relationship or transaction if the Corporate Security Department or the Chief Compliance Officer either object or indicate caution or the need for more information. In such cases, unanimous approval of the Compliance Committee is needed to proceed; if unanimous approval is not obtained, the matter must be brought to the MGM board of directors for its approval. The Compliance Plan also contains appropriate thresholds of materiality to provide guidance when due diligence is required. Minutes are prepared for all Compliance Committee meetings; the minutes are comprehensive and are well organized. Along with the Compliance Plan, MGM has instituted a written Code of Business Conduct and Ethics which contains clear definitions, examples, disciplinary consequences and a hotline for reporting violations.

Based upon the candid and forthright testimony of Mr. Hernandez and Mr. Murren, the Commission finds that MGM has adequately addressed the issues raised by the Christensen matter.

B. Whether MGM's Business Practices in Macau Meet the Statutory Requirement of "responsible business practices in any jurisdiction" under M.G.L. c. 23K §12(b)(ii)

It is helpful to understand some of the history of casino gaming in Macau in order to put Applicant's practices into context. Gaming has been legal in Macau since 1847; in 1937 the first casino franchise was granted by Macanese authorities. In 1961, the Macanese government enacted legislation to open up the existing casino monopoly to a public bidding process. There were two bidders. The winning group was a consortium of businessmen led by Stanley Ho, a Hong Kong developer. For forty years this group dominated the gaming market in Macau. During this period, the gaming promoter/junket operator system was introduced into Mr. Ho's properties. This system allows the casino to in essence subcontract control of a portion of its

casino VIP rooms and serves to shift the risk of financial loss from the casino to the gaming promoters. The system also allows the gaming promoter to offer credit to its customers.

In the 1980s, Asian organized crime groups known as triads became prominent in the junket operations at Stanley Ho's casinos. Large scale violence erupted between rival Macau triads vying for control of the junket operations in the 1980s and 1990s. Hong Kong triads also moved into the battle for control of the junket operations in Macau in the later 1990s. This history has been more fully described in the United States China Commission ("USCC") *Annual Report*.

In 1999, Macau reverted to Chinese sovereignty. In 2001, the Macau government opened a bidding process for three gaming concessions, thus ending the prior monopoly market. In 2002, three companies were awarded concessions, Sociedad de Jogos de Macau ("SJM"), which is owned by Stanley Ho's company Sociedade de Turismo e Diversoes de Macau ("STDM"); Wynn Resorts; and Galaxy Casino. Each company was allowed to sell sub-concessions. Galaxy sold a sub-concession to Las Vegas Sands. SJM sold a sub-concession to MGM Grand Paradise, a partnership between Pansy Ho (Stanley Ho's daughter) and MGM Resorts International. Wynn Resorts sold a sub-concession to Melco PBL Jogos (Macau) now known as Melco Crown.

Following Macau's reversion to Chinese sovereignty in 1999, China took strong steps to curtail triad violence in Macau. This resulted in an immediate and steep drop in violent crime. Since then gaming revenues have risen dramatically. Nevertheless concerns about organized crime and its participation in the gaming industry in Macau remain. The USCC *Annual Report* acknowledges ongoing concerns about organized crime in Macau, specifically money laundering, abusive debt collection practices by junket operators through threats of violence and other non-judicial means and added risks for United States licensed companies with Macau operations arising from the junket operators historical affiliation with organized crime. The USCC *Annual Report* noted that these concerns have prompted United States licensed companies to take additional steps to prevent illegal activity at their properties in Macau.

Applicant provided the testimony of Grant Bowie, CEO of MGM China Holdings and Larry Mefford, Senior Vice President of Global Security to address MGM's business practices and in particular, MGM's business practices in Macau. Mr. Bowie articulated MGM's compliance standard; MGM begins with the regulatory law as written but acknowledges that is a minimum standard. MGM works to anticipate activities in the market and adopt best practices to address those activities. Business practices are always evolving and Mr. Bowie acknowledged that business practices and compliance standards must also evolve. Mr. Bowie testified in detail about MGM's business activities in Macau and how the Macau market has changed since 1999. He discussed the importance of complying with Macau law but also stated that MGM's activities in Macau may have an effect on MGM's licenses in other jurisdictions. For that reason, MGM uses best practices in all jurisdictions in which MGM does business. Mr. Bowie further testified that MGM's board and compliance committee are attuned to security matters and supportive of MGM's improvements in these areas, including providing the budget needed to make those improvements.

Mr. Bowie also described the gaming promoter process, the role of gaming promoters at MGM's Macau properties and the forms of due diligence that MGM applies to each gaming promoter that operates on MGM's properties. Mr. Bowie acknowledged that MGM has increased its



compliance efforts in all areas and that this increase is part of MGM's ongoing process of anticipating evolving market conditions.

MGM provided the testimony of Larry Mefford on security matters that pertain to both domestic and foreign properties. Mr. Mefford described efforts to address many types of potential threats that affect MGM's properties, including terrorist threats, physical safety and background checks on gaming promoters and employees. He described the physical security measures taken to ensure the safety of customers in all locations and how those measures are updated, using technology and manpower. While it may be impossible to prevent all criminal activity, Mr. Mefford testified that it is his goal to make MGM's properties as difficult a target for criminal activity as possible. Mr. Mefford talked about the importance of maintaining good and close working relationships with local law enforcement to address these issues. He further described the background check process on gaming promoters and the recent changes made to strengthen that process.

The Commission found the testimony of Mr. Bowie and Mr. Mefford to be truthful and candid. Their testimony described in a clear manner the many issues that MGM faces in doing business in other jurisdictions, in particular in Macau. MGM was honest in stating that its business practices may not be perfect, but that it continually monitors those practices and upgrades and improves them to meet changing circumstances. It was also important to the Commission to understand that MGM's board and compliance committee support review and improvement of MGM's business practices and provide the necessary financial support to maintain and upgrade those business practices.

The Commission would also like to note that in August, 2013 MGM adopted a formal companywide Bank Secrecy and Anti-Money Laundering Policy and Program. This policy applies to MGM's domestic casino operations and all marketing offices worldwide. The program is comprehensive, the reporting requirements are outlined and each domestic casino has a designated Bank Secrecy Act officer overseeing compliance at his or her location. While this program does not apply specifically to operations in Macau, if a customer of an MGM casino in the United States places funds on deposit at the MGM property in Macau, it is MGM's policy, subject to Macanese laws on privacy, to provide customer information to the applicable United States casino and then the transactions are subject to the program. The Commission believes this is another positive example of MGM's efforts to improve its business practices.

Based upon the testimony of Mr. Bowie and Mr. Mefford, the Commission finds that MGM's business practices in other jurisdictions, particularly in Macau, meet the statutory requirement of responsible business practices in any jurisdiction.

### C. Other Matters

Two other matters investigated by the IEB warrant mention here. The first matter is the possible joint venture with bwin.party digital entertainment ("bwin.party"). Bwin.party was formed by the merger of bwin Interactive Entertainment AG and PartyGaming PLC. Prior to the merger, PartyGaming PLC paid a fine of \$105 million to the United States Justice Department as part of a Non-Prosecution Agreement relating to its online poker activities. The chairman of

PartyGaming PLC at the time of the fine is not part of the entity now existing and formed by the merger. MGM began a serious internal review process, starting with MGM's compliance committee, to determine whether to move forward with a possible business relationship. MGM engaged in a deliberate process of internal review, including a background investigation and review and approval of the venture by MGM's compliance committee, audit committee and board of directors. The Commission views favorably the level of review and the seriousness with which MGM proceeded with this matter and believes that this indicates MGM's commitment to appropriate corporate governance and oversight. As of the date of the IEB report, New Jersey regulators had not yet completed their review of the suitability of bwin.party. Since then, bwin.party has received approval to conduct internet gaming in New Jersey. Nevada's review of the suitability of bwin.party has not been completed.

The Commission would also like to address the matter of MGM's business relationship with Pansy Ho. As noted in the prior section, in the early 2000s MGM wanted to enter the Macau market. MGM considered partnering with an entity to operate under Stanley Ho's concession. However, MGM did not pursue that opportunity after Nevada gaming regulators raised concerns about Stanley Ho's suitability based upon allegations that Stanley Ho had ties to organized crime. Instead, MGM entered into discussions and eventually a partnership with Pansy Ho, the managing director of Shun Tak Holdings, to form MGM Grand Paradise Ltd. In 2005, MGM Grand Paradise Ltd obtained a sub concession from SJM, Stanley Ho's company for a payment of \$200 million US. At the time that MGM Grand Paradise Ltd was formed, MGM and Pansy Ho were equal participants in the joint venture. This changed in 2011 when MGM China Holdings, the MGM entity participating in the joint venture went public on the Hong Kong stock exchange. As a result of that transaction, MGM Resorts International acquired 51% of MGM China Holdings and Pansy Ho's interest in the joint venture was reduced to 29%. The relationship between Pansy Ho and MGM has been reviewed by both Nevada gaming regulators in 2007 and New Jersey gaming regulators in 2009. This relationship was the subject of in-depth review by the IEB as well. The Commission finds that based upon the investigation by the IEB, the Commission is satisfied that whatever may have been the case years ago Pansy Ho's relationship with MGM is not controlled or influenced by her father, Stanley Ho. The Commission further finds that Ms. Ho, while on the board of MGM China Holdings, is not involved in the day to day operational duties of MGM's Macau operations and has no involvement in gaming. The Commission finds that Pansy Ho's position and role in MGM's Macau operations do not adversely affect MGM's integrity or business operations in Macau. Further, the Commission finds that Pansy Ho's position and role in MGM's operations in Macau do not impact or influence the business practices employed by MGM to address potential organized crime or other criminal activity at MGM's Macau properties.

D. Suitability of Individual Qualifiers Vincent Barletta, Ronald Gillis and David Callahan

As stated in section A, above, the Commission employs the principals articulated in the *Bally's* decision to determine the integrity, honesty, good character and reputation of individual qualifiers. The Commission is seriously troubled by the activities of Mr. Barletta, Mr. Gillis and Mr. Callahan, their disregard for the Commission's regulations and Mr. Barletta's and Mr. Gillis' cavalier failure to provide truthful and honest information to the Commission. At this point,

however, the Commission is still considering the appropriate response to those malefactions and has not settled on a final decision. Accordingly, the Commission will address suitability of those three individuals and the suitability of Rolling Hills Estates Realty Trust in a separate decision that will be filed in the near future.

#### IV. Conclusion

Based upon the testimony provided to the Commission at the hearing as well as the exhibits provided by the IEB, the Commission, by unanimous vote, finds that the Applicant has satisfied its burden of proving by clear and convincing evidence that it meets the standards for suitability under M.G.L. 23K, §12. It is accordingly issued a positive finding of suitability. This finding, however, is conditioned upon the occurrence of the following:

1. The Applicant, including Dubai World shall promptly report any changes relating to their ownership, members, managers and/or directors; any new owners, members, managers and/or directors be required to submit a PHD and Mass Supp or BED form to the Commission; and that any owners, members, managers and/or directors must be found suitable by the Commission;
2. The IEB recommends that the Applicant be required to continue to adhere to a Plan for compliance with the United States Currency and Foreign Transactions Reporting Act satisfactory to the Commission;
3. Applicant and its individual principals and principal entities shall refrain from any personal or business contact with Terry Christensen;
4. Any contact with Terry Christensen shall be reported to the Commission within 10 days of the contact;
5. Documents and information provided to regulators in any U.S. jurisdiction on Macau operations must also be provided to the Commission in a timely manner;
6. Applicant will provide the Commission with notice of any change in its corporate governance structure including but not limited to changes in the membership of the audit and/or compliance committees and the addition of any new board members;
7. Dubai World shall provide to the Commission in a timely manner copies of the quarterly certifications attested to by the principals regarding compliance with the delegation resolution and accompanying materials provided to Nevada gaming regulators, and
8. Dubai World and its qualifying entities shall submit annual audited financial statements to the Commission.

**SO ORDERED.**

**MASSACHUSETTS GAMING COMMISSION**



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Stephen P. Crosby, Chairman



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Gayle Cameron, Commissioner



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James F. McHugh, Commissioner



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Bruce Stebbins, Commissioner



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Enrique Zuniga, Commissioner

DATED: December 23, 2013